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Jan 83

BACKGROUND

Project SAFE (Support for the Analysts file Environment) is a attempt to bring the best available information science and system technology to the support of the intelligence analysts. Originally, CIA had contracted with TRW and General Electric in October 1977 to participate in a Design Competition Phase Study with the SAFE system development contract being awarded to the 'best design' contractor. During this design competition phase, Congress directed that DIA, then in the process of developing requirements for their SAFE-like system, to join CIA and form a Consolidated SAFE Program Office (CSPO) to consolidate the respective system development activities. In response to Congress' request, the DCI and D/DIA signed a Memorandum of Understanding defining the respective Agency's responsibilities. These included assignment to CIA of contract management and CSPO staff administrative support responsibilities. The SAFE development costs are shared jointly by CIA and DIA with the SAFE D or SAFE C hardware costs borne by the respective agency. DIA funding is MIPRed to CIA each fiscal year for insertion into the system development contracts.

DIA's requirements were inserted into the ongoing design competition in May 1978. The Consolidated SAFE

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Development Contract was awarded to TRW in May 1979 as a Cost plus incentive/award fee type contract. (Contract 79-B353800-000). TRW awarded a contract to Burroughs Corporation in fiscal-year 1980 to provide the SAFE hardware. The hardware cost proposed by Burroughs Corporation was 30% of the GSA schedule costs. TRW's contract with Burroughs Corporation provided for payment of 80% of the invoiced cost with the remaining 20% payment due upon acceptance of the equipment by TRW.

In mid-1982, the DCI and D/DIA, upon the recommendation of a inter-agency audit team, redirected the consolidated SAFE development effort to a less risky approach that would provide a earlier capability for both CIA and DIA and would build upon existing software available through CIA's operational Interim SAFE capability. The new approach required IBM-compatible hardware causing the Burroughs computer hardware to become excess to the SAFE development requirements. TRW was directed to terminate the Burroughs Corporation contract to deliver the SAFE computer hardware. Burroughs and TRW are currently negotiating the final settlement of that contract. At the time of the SAFE redirection in the summer of 1982, TRW had only accepted and made full payment on a Dual B7800 System located at the TRW SAFE facility in California. Seven other systems (B6900s) had been installed but not accepted. These systems were installed at the SAFE Northside Computer Center at CIA Headquarters (1), at the TRW SAFE Development Facility in

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California (5), and at DIA, Arlington Hall (1). The DIA B6900 was acquired with Non-DIA SAFE funds and delivered directly to DIA from the Factory and will be retained by them.

One of the assurances the Government has given Burroughs Corporation is that efforts would be made to re-locate the equipment within the Intelligence Community (this assurance may or may not be explicitly stated in the TRW/Burroughs Corporation final settlement). Burroughs has stated that the rationale for the very low bid was to enable them to get a foothold within the Intelligence community. CIA and DIA searched unsuccessfully internally for requirements that could be satisfied by the Burroughs computer systems. The availability of the systems was then circulated throughout the Intelligence Community (IC) via the IC Staff and contacts at NSA. Consequently the B6900 that was installed in the SAFE Northside Computer center at CIA Headquarters has been acquired by NSA and is currently in storage awaiting site preparation completion at NSA. Also acquired by NSA is the SAFE B7800 which currently is awaiting inventory and shipment to NSA from the TRW Development Facility in California. The remaining five B6900 systems are also at the TRW SAFE DF facility in California awaiting transfer to the Naval Supply Systems Command (2) and to the Naval Security Group [REDACTED] (3).

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Contractually, TRW owes 20% of the cost of each system (B6900s only) to Burroughs Corporation (which is computed as 20% of the 30% of GSA Schedule cost)). The outstanding amount owed on each system to Burroughs Corporation averages out to approximately \$50,000 per system (the B6900 transferred to NSA with associated costs is shown on the attachment as an example of the discounted component costs). These costs and other unspecified costs are outstanding to the Burroughs Corporation under the TRW subcontract and are part of the ongoing settlement activities.

Interested IC member Agencies are being asked to forward a formal expression of interest briefly describing their requirement and indicating their understanding of the transfer terms. These terms are simply that the receiving Agency will assume all costs of packing, shipping and storage of the systems, including directly contracting for those services, and also the acquiring Agency will receive the systems for the outstanding amount owed to Burroughs Corporation. CIA will acknowledge the requesting Agency's expression of interest by formal notification of ownership transfer upon receipt of the MIPRed funds for insertion into the CIA managed TRW SAFE contract. The agency acquiring the system(s) will specify on the MIPR that funds are to be applied toward the final settlement of the Burroughs-TRW contract in return for a specific system.

For Government property accountability records purposes

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all systems are considered Government-Furnished-Equipment (GFE) under the TRW SAFE contract until such time as the TRW-Burroughs Corporation contract settlement is completed. At that time the property accountability of the equipment will be transferred from TRW to the Government as returning GFE and placed upon CIA's or the appropriate Agency's property accountability records. The specific property transfer procedures can be worked-out between the Appropriate Agency Logistics offices.



Policy and Plans Group

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ROUTING AND TRANSMITTAL SLIP

Date 28 Oct 83

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OF/ADL
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Comment	Investigate	Signature
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REMARKS [] Per your telcon request this date attached are acknowledgement letters from DMA and the NAVY. The B6900 system that was acquired by the NSA R&D office is in storage under a NSA contract, however, we have not received a formal acknowledgement of ownership transfer from them. I will request it and forward to you.

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DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

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